

THIRD QUARTER REPORT  
MARCH 2020



Century Paper & Board Mills Limited



**WATER**  
FOR NATION

Clean - Green - Sustainable

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## Corporate Information

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### Board of Directors

|                           |                           |
|---------------------------|---------------------------|
| Iqbal Ali Lakhani         | - Chairman                |
| Amin Mohammed Lakhani     |                           |
| Anushka Lakhani           |                           |
| Tasleemuddin Ahmed Batlay |                           |
| Shahid Ahmed Khan         |                           |
| Engr. M. Abdul Jabbar     |                           |
| Kemal Shoaib              |                           |
| Aftab Ahmad               | - Chief Executive Officer |

### Advisor

Sultan Ali Lakhani

### Audit Committee

|                           |            |
|---------------------------|------------|
| Kemal Shoaib              | - Chairman |
| Amin Mohammed Lakhani     |            |
| Tasleemuddin Ahmed Batlay |            |

### Human Resource & Remuneration Committee

|                           |                           |
|---------------------------|---------------------------|
| Engr. M. Abdul Jabbar     | - Chairman                |
| Amin Mohammed Lakhani     |                           |
| Tasleemuddin Ahmed Batlay |                           |
| Aftab Ahmad               | - Chief Executive Officer |

### Chief Financial Officer

Muhammad Rashid Dastagir  
Email: rashid-dastagir@centurypaper.com.pk

### Company Secretary

Mansoor Ahmed  
Email: mansoor-ahmed@centurypaper.com.pk

### External Auditors

BDO Ebrahim & Co.  
Chartered Accountants  
Email: info@bdoebrahim.com.pk

### Shares Registrar

FAMCO Associates (Private) Limited  
8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S. Shahra-e-Faisal, Karachi.  
Phone: (021) 34380101-5 Fax: (021) 34380106  
Email: info.shares@famco.com.pk  
Website: www.famco.com.pk

### Head Office and Registered Office

Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan.  
Phone: (021) 38400000  
Fax: (021) 35681163, 35683410  
Email: info@centurypaper.com.pk  
Website: www.centurypaper.com.pk

### Lahore Office

14-Ali Block, New Garden Town, Lahore-54600, Pakistan.  
Phone: (042) 35886801-4 Fax: (042) 35830338

### Mills

62 KM, Lahore-Multan Highway, N-5, District Kasur, Pakistan.  
Phone: (049) 4511464-5, 4510061-2 Fax: (049) 4510063



## Directors' Review

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On behalf of the Board of Directors I am pleased to present the performance review of the Company together with the un-audited financial statements for the period ended March 31, 2020.

### **Operations and Sales Review**

The Company produced 169,920 metric tons of paper and paperboard for the period under review (July 2019-March 2020) as compared to 170,261 metric tons of the corresponding period of last year.

Company sold 164,919 metric tons during the period under review (July 2019-March 2020) as compared to 163,633 metric tons of the corresponding period of last year.

In terms of value, the net sales of the Company for the period under review (July 2019-March 2020) increased to Rs. 18.46 billion as compared to Rs. 16.62 billion of the corresponding period of last year.

### **Financial Performance**

For the period under review (July 2019-March 2020), your Company earned gross profit of Rs. 2,736 million as compared to Rs. 1,998 million of the corresponding period of last year.

Similarly, the operating profit for the period under review (July 2019-March 2020) is recorded at Rs. 2,169 million as compared to Rs. 1,508 million of the corresponding period of last year.

Financial charges for the period stood at Rs. 814 million were considerably higher than corresponding period figure of Rs. 547 million on the backdrop of higher interest rate prevailing during the period.

The Company has posted a Profit before tax of Rs. 1,355 million as compared to a Profit before tax of Rs. 961 million posted for the corresponding period of last year.

After accounting for taxation, the Company has posted net profit of Rs. 962 million for the period under review as compared to profit of Rs. 715 million for the corresponding period of last year.

## Directors' Review

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### Earnings per Share

The basic earnings per share (EPS) is reported at Rs. 6.54 as compared to EPS of Rs.4.65 of the corresponding period of last year. There is no dilution effect on the earnings per share for the period under review and the corresponding period.

### Near Term Outlook

Owing to low economic growth, domestic paper & paperboard consumption remained stagnant during the period under review and towards the end of Q-3 COVID19 started impacting the overall businesses. Going forward keeping in view the COVID19 implications on businesses, Management of your Company is continuously adjusting its business strategy to maintain its supplies for packaging of essential goods on priority and foresees some dip in overall demand. Operations are being adjusted in line with SOPs issued by concerned authorities from time to time. In these challenging time, management is committed to ensure continuity of its operations to ensure uninterrupted supply to the essential businesses with all the precautions in place to ensure safety of its employees and to minimize the adverse impact of prevailing situation on financial performance of the Company for the ensuing quarter.

### Acknowledgments

Your Directors appreciate the continued support and commitment of all the stakeholders. They are especially thankful to the Banks and Financial Institutions. They also wish to acknowledge, hard and sincere work of the staff and employees of the Company.

On behalf of the Board of Directors

  
**AFTAB AHMAD**  
Chief Executive Officer

  
**TASLEEMUDDIN AHMED BATLAY**  
Director

Karachi: April 27, 2020



## ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے 31 مارچ 2020ء کو ختم ہونے والی تیسری سہ ماہی کے لیے آپ کی کمپنی کی کارکردگی کا جائزہ مع غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرنا میرے لیے باعث مسرت ہے۔

### کاروباری کارکردگی اور سیلنز کا جائزہ

کمپنی نے زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) کے دوران 169,920 میٹرک ٹن کی پیداوار دی، جو کہ گزشتہ سال کی اسی مدت میں 170,261 میٹرک ٹن تھی۔ کمپنی نے زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) میں 164,919 میٹرک ٹن کی فروخت کی، جو کہ گزشتہ سال کی اسی مدت میں 163,633 میٹرک ٹن تھی۔ قدر کے اعتبار سے زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) میں سیلنز و پلیو 18.46 بلین روپے تک بڑھ گئی جو گزشتہ سال اسی مدت میں 16.62 بلین روپے تھی۔

### مالیاتی کارکردگی

زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) میں کمپنی نے 2,736 ملین روپے کا مجموعی منافع کمایا جو گزشتہ سال اسی مدت میں 1,998 ملین روپے تھا۔ زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) میں خالص آپریٹنگ منافع 2,169 ملین روپے ریکارڈ کیا گیا جو گزشتہ سال اسی مدت میں 1,508 ملین روپے تھا۔

زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) میں شرح سود میں اضافے کے باعث مالیاتی اخراجات بڑھ کر 814 ملین روپے تک ہو گئے جو گزشتہ سال اسی مدت میں 547 ملین روپے تھے۔

مالیاتی اخراجات منہا کرنے کے بعد زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) میں قبل از ٹیکس منافع 1,355 ملین روپے رہا جو گزشتہ سال اسی مدت میں 961 ملین روپے تھا۔

کمپنی نے زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) میں 962 ملین روپے کا خالص منافع کمایا جو گزشتہ سال اسی مدت میں 715 ملین روپے تھا۔

### فی شیئر آمدنی

گزشتہ سال اسی مدت کے لیے بنیادی فی شیئر آمدنی 4.65 روپے کے مقابلے میں زیر جائزہ مدت (جولائی 2019 تا مارچ 2020) کی بنیادی فی شیئر آمدنی 6.54 روپے رپورٹ کی گئی ہے۔ زیر جائزہ مدت اور گزشتہ سال کی اسی مدت کے لیے فی شیئر آمدنی کے کمزور پڑنے کے کوئی آثار نہیں ہیں۔

## ڈائریکٹرز کا جائزہ

### قریب مدتی منظر نامہ

زیر جائزہ مدت میں معاشی سست روی کی وجہ سے، پیپر اور پیپر بورڈ کی مصنوعات کی طلب بھی غیر متحرک رہی اور موجودہ سہ ماہی کے آخر میں کرونا وائرس (COVID19) نے مجموعی کاروبار کو متاثر کرنا شروع کیا۔ کرونا وائرس (COVID19) کے کاروبار پر ممکنہ اثرات کو مد نظر رکھتے ہوئے آپ کی کمپنی کی مینجمنٹ کاروباری حکمت عملی میں مناسب تبدیلیوں کے ساتھ اس امر کے لیے کوشاں ہے کہ بنیادی ضروریات کی اشیاء کی پیکجنگ ترجیحی بنیادوں پر بحال رہے اور متعلقہ اداروں کی جانب سے وقفہ فاصلے والی ہدایات (SOPs) پر عمل پیرا ہو کر کاروباری سرگرمیاں بحال رکھی گئی ہیں۔ ان مشکل حالات میں مینجمنٹ کوشاں ہے کہ تمام احتیاط و تدابیر کے ساتھ ملازمین کی حفاظت کو یقینی بناتے ہوئے کاروباری سرگرمیاں جاری رکھی جاسکیں تاکہ ضروری اشیاء کی بلا تعطل ترسیل جاری رہے اور آنے والی سہ ماہی میں کمپنی کی مالیاتی کارکردگی پر موجودہ حالات کے منفی اثرات کو محدود کیا جائے۔

### اظہار تشکر

آپ کے ڈائریکٹرز مسلسل سرپرستی اور واہنگی پر تمام اسٹیک ہولڈرز کو خراج تحسین پیش کرتے ہیں۔ وہ بینکوں اور مالیاتی اداروں کے خصوصی شکر گزار ہیں۔ وہ کمپنی کے عملے اور ملازمین کی محنت اور پُر خلوص کارکردگی کا بھی اعتراف کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

  
تسلیم الدین احمد باٹلے  
ڈائریکٹر

  
آفتاب احمد  
چیف ایگزیکٹو آفیسر

کراچی: 27 اپریل، 2020

# Condensed Interim Statement of Financial Position

as at March 31, 2020 (Un-audited)

|                                           |      | March 31,<br>2020     | June 30,<br>2019<br>(Audited) |
|-------------------------------------------|------|-----------------------|-------------------------------|
|                                           | Note | (Rupees in thousands) |                               |
| <b>ASSETS</b>                             |      |                       |                               |
| <b>NON - CURRENT ASSETS</b>               |      |                       |                               |
| Property, plant and equipment             | 7    | 8,897,810             | 9,131,201                     |
| Operating fixed assets                    | 8    | 449,234               | 241,653                       |
| Capital work in progress                  |      | 9,347,044             | 9,372,854                     |
| Intangible assets                         |      | 12,759                | 9,033                         |
| Long-term advances                        | 9    | 10,511                | 6,264                         |
| Long-term deposits                        |      | 7,169                 | 7,169                         |
|                                           |      | 9,377,483             | 9,395,320                     |
| <b>CURRENT ASSETS</b>                     |      |                       |                               |
| Stores and spares                         | 10   | 1,776,380             | 1,458,482                     |
| Stock-in-trade                            | 11   | 2,703,405             | 3,484,174                     |
| Trade debts (unsecured - considered good) |      | 3,506,016             | 3,046,320                     |
| Advances                                  | 12   | 37,602                | 95,874                        |
| Trade deposits and short term prepayments | 13   | 35,486                | 91,398                        |
| Other receivables                         |      | 20,589                | 12,062                        |
| Tax refunds due from Government           | 14   | 256,694               | 256,694                       |
| Taxation - net                            |      | 261,302               | 261,718                       |
| Cash and bank balances                    | 15   | 127,964               | 351,700                       |
|                                           |      | 8,725,438             | 9,058,422                     |
| <b>TOTAL ASSETS</b>                       |      | <b>18,102,921</b>     | <b>18,453,742</b>             |
| <b>EQUITY AND LIABILITIES</b>             |      |                       |                               |
| <b>SHARE CAPITAL AND RESERVES</b>         |      |                       |                               |
| Authorized share capital                  |      |                       |                               |
| 410,000,000 (June 30, 2019: 410,000,000)  |      | 4,100,000             | 4,100,000                     |
| shares of Rs. 10 each                     |      |                       |                               |
| Issued, subscribed and paid-up capital    |      |                       |                               |
| 147,018,345 (June 30, 2019: 147,018,345)  |      | 1,470,184             | 1,470,184                     |
| ordinary shares of Rs. 10 each            |      | 5,533,748             | 4,718,750                     |
| Reserves                                  |      | 7,003,932             | 6,188,934                     |
| <b>NON - CURRENT LIABILITIES</b>          |      |                       |                               |
| Long-term financing                       | 16   | 2,573,824             | 3,511,434                     |
| Lease liabilities                         | 17   | 21,238                | -                             |
| Deferred taxation                         |      | 1,278,672             | 1,208,746                     |
|                                           |      | 3,873,734             | 4,720,180                     |
| <b>CURRENT LIABILITIES</b>                |      |                       |                               |
| Trade and other payables                  | 18   | 2,898,046             | 2,528,063                     |
| Short-term borrowings                     | 19   | 3,409,936             | 4,247,267                     |
| Interest and mark-up accrued              | 20   | 206,630               | 96,526                        |
| Unclaimed dividend                        |      | 1,528                 | 1,321                         |
| Current portion of lease liabilities      | 17   | 2,715                 | -                             |
| Current portion of long-term financing    | 16   | 706,400               | 671,451                       |
|                                           |      | 7,225,255             | 7,544,628                     |
| <b>TOTAL EQUITY AND LIABILITIES</b>       |      | <b>18,102,921</b>     | <b>18,453,742</b>             |
| <b>CONTINGENCIES AND COMMITMENTS</b>      | 21   |                       |                               |

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

  
AFTAB AHMAD  
Chief Executive Officer

  
TASLEEMUDDIN AHMED BATLAY  
Director

  
MUHAMMAD RASHID DASTAGIR  
Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED



## Condensed Interim Statement of Profit or Loss

for the period ended March 31, 2020 (Un-audited)

|                                     |      | Nine months ended     |                   | Quarter ended     |                   |
|-------------------------------------|------|-----------------------|-------------------|-------------------|-------------------|
|                                     |      | March 31,<br>2020     | March 31,<br>2019 | March 31,<br>2020 | March 31,<br>2019 |
|                                     | Note | (Rupees in thousands) |                   |                   |                   |
| Sales - net                         | 22   | 18,457,294            | 16,616,751        | 6,280,020         | 6,034,712         |
| Cost of sales                       | 23   | (15,720,990)          | (14,618,823)      | (5,325,731)       | (5,343,682)       |
| <b>Gross profit</b>                 |      | <b>2,736,304</b>      | <b>1,997,928</b>  | <b>954,289</b>    | <b>691,030</b>    |
| General and administrative expenses |      | (399,902)             | (352,437)         | (142,599)         | (111,961)         |
| Selling expenses                    |      | (51,339)              | (45,731)          | (17,717)          | (16,329)          |
| Distribution expenses               |      | (79,942)              | (64,920)          | (29,097)          | (24,353)          |
| Other operating charges             |      |                       |                   |                   |                   |
| Workers' Profit Participation Fund  |      | (72,768)              | (51,597)          | (27,870)          | (16,780)          |
| Workers' Welfare Fund               |      | (27,652)              | (19,607)          | (10,591)          | (6,377)           |
| Others                              |      | (20,447)              | (24,166)          | (6,793)           | (11,065)          |
|                                     |      | (120,867)             | (95,370)          | (45,254)          | (34,222)          |
| Other income                        | 24   | 84,449                | 68,569            | 25,727            | 25,991            |
| <b>Operating profit</b>             |      | <b>2,168,703</b>      | <b>1,508,039</b>  | <b>745,349</b>    | <b>530,156</b>    |
| Finance cost                        | 25   | (813,756)             | (547,309)         | (226,411)         | (217,714)         |
| <b>Profit before taxation</b>       |      | <b>1,354,947</b>      | <b>960,730</b>    | <b>518,938</b>    | <b>312,442</b>    |
| Taxation                            |      |                       |                   |                   |                   |
| Current                             |      | (323,003)             | (211,361)         | (109,901)         | (68,737)          |
| Prior                               |      | -                     | (5,519)           | -                 | (7,001)           |
| Deferred                            |      | (69,928)              | (28,822)          | (40,588)          | (9,373)           |
|                                     |      | (392,931)             | (245,702)         | (150,489)         | (85,111)          |
| <b>Profit for the period</b>        |      | <b>962,016</b>        | <b>715,028</b>    | <b>368,449</b>    | <b>227,331</b>    |
| Earnings per share                  |      |                       |                   |                   |                   |
| - basic and diluted (Rupees)        | 26   | 6.54                  | 4.65              | 2.51              | 1.55              |

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

  
AFTAB AHMAD  
Chief Executive Officer

  
TASLEEMUDDIN AHMED BATLAY  
Director

  
MUHAMMAD RASHID DASTAGIR  
Chief Financial Officer

## Condensed Interim Statement of Comprehensive Income

*for the period ended March 31, 2020 (Un-audited)*

|                                                  | Nine months ended     |                       | Quarter ended         |                       |
|--------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                  | March 31,<br>2020     | March 31,<br>2019     | March 31,<br>2020     | March 31,<br>2019     |
|                                                  | (Rupees in thousands) |                       |                       |                       |
| Profit for the period                            | 962,016               | 715,028               | 368,449               | 227,331               |
| Other comprehensive income                       | -                     | -                     | -                     | -                     |
| <b>Total comprehensive income for the period</b> | <u><u>962,016</u></u> | <u><u>715,028</u></u> | <u><u>368,449</u></u> | <u><u>227,331</u></u> |

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

  
**AFTAB AHMAD**  
Chief Executive Officer

  
**TASLEEMUDDIN AHMED BATLAY**  
Director

  
**MUHAMMAD RASHID DASTAGIR**  
Chief Financial Officer

## Condensed Interim Statement of Cash Flows

for the period ended March 31, 2020 (Un-audited)

|                                                            |    | Nine months ended     |                    |
|------------------------------------------------------------|----|-----------------------|--------------------|
|                                                            |    | March 31,<br>2020     | March 31,<br>2019  |
| Note                                                       |    | (Rupees in thousands) |                    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |    |                       |                    |
| Cash generated from operations                             | 27 | 3,533,154             | 1,521,852          |
| Finance cost paid                                          |    | (703,652)             | (424,959)          |
| Taxes paid                                                 |    | (322,587)             | (172,350)          |
| Gratuity paid                                              |    | (43,739)              | (34,134)           |
| Workers' Profit Participation Fund paid                    |    | (66,627)              | (76,301)           |
| Long-term advances                                         |    | (4,247)               | 12,204             |
| Long-term deposits                                         |    | -                     | (1,300)            |
| <b>Net cash generated from operating activities</b>        |    | <b>2,392,302</b>      | <b>825,012</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |    |                       |                    |
| Fixed capital expenditure                                  |    | (736,832)             | (907,469)          |
| Proceeds from sale of property, plant and equipment        |    | 9,051                 | 7,003              |
| <b>Net cash used in investing activities</b>               |    | <b>(727,781)</b>      | <b>(900,466)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |    |                       |                    |
| Redemption of preference shares                            |    | -                     | (901,214)          |
| Proceeds of long-term financing from associated companies  |    | 650,000               | 975,000            |
| Repayment of long-term financing from associated companies |    | (650,000)             | -                  |
| Repayment of long-term financing from Director             |    | (650,000)             | -                  |
| Proceeds from long-term financing from banking companies   |    | 245,674               | 466,277            |
| Repayment of long-term financing from banking companies    |    | (498,334)             | (899,821)          |
| Principal paid on lease liabilities                        |    | (1,454)               | -                  |
| Dividend paid on preference shares                         |    | -                     | (87,664)           |
| Dividend paid on ordinary shares                           |    | (146,811)             | (110,264)          |
| <b>Net cash used in financing activities</b>               |    | <b>(1,050,926)</b>    | <b>(557,686)</b>   |
| Net increase / (decrease) in cash and cash equivalents     |    | 613,595               | (633,140)          |
| Cash and cash equivalents at the beginning of the period   |    | (3,895,567)           | (3,011,180)        |
| <b>Cash and cash equivalents at the end of the period</b>  |    | <b>(3,281,972)</b>    | <b>(3,644,320)</b> |
| <b>CASH AND CASH EQUIVALENTS</b>                           |    |                       |                    |
| Cash and bank balances                                     | 15 | 127,964               | 504,213            |
| Short-term borrowings                                      | 19 | (3,409,936)           | (4,148,533)        |
|                                                            |    | <b>(3,281,972)</b>    | <b>(3,644,320)</b> |

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

  
AFTAB AHMAD  
Chief Executive Officer

  
TASLEEMUDDIN AHMED BATLAY  
Director

  
MUHAMMAD RASHID DASTAGIR  
Chief Financial Officer

# Condensed Interim Statement of Changes in Equity

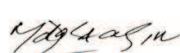
for the period ended March 31, 2020 (Un-audited)

|                                                                | Issued, subscribed and paid-up capital |                          | Reserves      |                |                    |           |                 |                       |             |           | Total       |
|----------------------------------------------------------------|----------------------------------------|--------------------------|---------------|----------------|--------------------|-----------|-----------------|-----------------------|-------------|-----------|-------------|
|                                                                |                                        |                          | Capital       |                |                    |           | Revenue         |                       |             | Sub-total |             |
|                                                                | Ordinary share capital                 | Preference share capital | Share premium | Merger reserve | Redemption reserve | Total     | General reserve | Unappropriated profit | Total       |           |             |
| (Rupees in thousands)                                          |                                        |                          |               |                |                    |           |                 |                       |             |           |             |
| Balance as at July 1, 2018                                     | 1,470,184                              | 901,214                  | 1,822,122     | 7,925          | 931,254            | 2,761,301 | 313,226         | 996,948               | 1,310,174   | 4,071,475 | 6,442,873   |
| Appropriation of Reserves                                      |                                        |                          |               |                |                    |           |                 |                       |             |           |             |
| Transfer to general reserve                                    | -                                      | -                        | -             | -              | -                  | -         | 686,774         | (686,774)             | -           | -         | -           |
| Transfer to unappropriated profit                              | -                                      | -                        | -             | -              | -                  | -         | (800,000)       | 800,000               | -           | -         | -           |
|                                                                | -                                      | -                        | -             | -              | -                  | -         | (113,226)       | 113,226               | -           | -         | -           |
| Total comprehensive income for the period ended March 31, 2019 |                                        |                          |               |                |                    |           |                 |                       |             |           |             |
| Profit for the period                                          | -                                      | -                        | -             | -              | -                  | -         | -               | 715,028               | 715,028     | 715,028   | 715,028     |
| Transaction with owners                                        |                                        |                          |               |                |                    |           |                 |                       |             |           |             |
| Redemption of preference shares                                | -                                      | (901,214)                | -             | -              | 901,214            | 901,214   | -               | (901,214)             | (901,214)   | -         | (901,214)   |
| Final dividend on ordinary shares @ Re. 0.75 per share         | -                                      | -                        | -             | -              | -                  | -         | -               | (110,264)             | (110,264)   | (110,264) | (110,264)   |
| Cumulative dividend paid on preference shares                  | -                                      | -                        | -             | -              | -                  | -         | -               | (87,664)              | (87,664)    | (87,664)  | (87,664)    |
|                                                                | -                                      | (901,214)                | -             | -              | 901,214            | 901,214   | -               | (1,099,142)           | (1,099,142) | (197,928) | (1,099,142) |
| Balance as at March 31, 2019                                   | 1,470,184                              | -                        | 1,822,122     | 7,925          | 1,832,468          | 3,662,515 | 200,000         | 726,060               | 926,060     | 4,588,575 | 6,058,759   |
| Balance as at July 1, 2019                                     | 1,470,184                              | -                        | 1,822,122     | 7,925          | 1,832,468          | 3,662,515 | 200,000         | 856,235               | 1,056,235   | 4,718,750 | 6,188,934   |
| Appropriation of reserve                                       |                                        |                          |               |                |                    |           |                 |                       |             |           |             |
| Transfer to general reserve                                    | -                                      | -                        | -             | -              | -                  | -         | 600,000         | (600,000)             | -           | -         | -           |
| Total comprehensive income for the period ended March 31, 2020 |                                        |                          |               |                |                    |           |                 |                       |             |           |             |
| Profit for the period                                          | -                                      | -                        | -             | -              | -                  | -         | -               | 962,016               | 962,016     | 962,016   | 962,016     |
| Transaction with owners                                        |                                        |                          |               |                |                    |           |                 |                       |             |           |             |
| Final dividend on ordinary shares @ Rs. 1.00 per share         | -                                      | -                        | -             | -              | -                  | -         | -               | (147,018)             | (147,018)   | (147,018) | (147,018)   |
| Balance as at March 31, 2020                                   | 1,470,184                              | -                        | 1,822,122     | 7,925          | 1,832,468          | 3,662,515 | 800,000         | 1,071,233             | 1,871,233   | 5,533,748 | 7,003,932   |

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

  
**AFTAB AHMAD**  
 Chief Executive Officer

  
**TASLEEMUDDIN AHMED BATLAY**  
 Director

  
**MUHAMMAD RASHID DASTAGIR**  
 Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED

# Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

## 1. STATUS AND NATURE OF BUSINESS

Century Paper & Board Mills Limited ("the Company") was incorporated in Pakistan as a public limited company on August 2, 1984 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and its ordinary shares are listed on Pakistan Stock Exchange. The Company is engaged in manufacturing and marketing of paper, board and related products.

## 2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is located at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The mill (plant) of the Company is located at 62 KM, Lahore-Multan Highway, N-5, District Kasure, Pakistan, and a regional office of the Company is located at 14-Ali Block, New Garden Town, Lahore, Pakistan.

## 3. BASIS OF PREPARATION

### 3.1 Statement of compliance

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

This condensed interim financial information of the Company for the nine months ended March 31, 2020 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2019 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2019, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the nine months ended March 31, 2019.

### 3.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value. This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

# Notes to the Condensed Interim Financial Information

*for the period ended March 31, 2020 (Un-audited)*

## **3.3 Functional and presentation currency**

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## **4 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN**

The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2019 except as disclosed in note 4.1 to this condensed interim financial information.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2019. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information, except as disclosed in note 4.1.

### **4.1 IFRS 16 - Leases**

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 01, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease'. The Company applied IFRS 16 with a date of initial application of July 01, 2019.

#### **Transition method and practical expedients utilised**

The Company applied IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (July 01, 2019), without restatement of comparative figures.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied a single discount rate to a portfolio of leases with similar characteristics.
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

On adoption of IFRS 16, the Company recognised a right-of-use asset and lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company used its incremental borrowing rate as the discount rate as at July 01, 2019.

The right-of-use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined

# Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

On transition to IFRS 16, the Company recognised right-of-use assets and lease liabilities on the date of initial application as follows;

|                                      | July 01, 2019<br>(Rupees in thousands) |
|--------------------------------------|----------------------------------------|
| <b>Property, plant and equipment</b> |                                        |
| Right-of-use assets                  | 25,407                                 |
| <b>Lease liabilities</b>             |                                        |
| Non-current                          | 23,344                                 |
| Current                              | 2,063                                  |
|                                      | <u>25,407</u>                          |

## 5. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2019.

## 6. TAXATION

The provisions for taxation for the nine months and quarter ended March 31, 2020, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate is 29% for the Tax Year 2020 as stipulated through Finance Act 2019.

|                                  | Note | March 31,<br>2020     | June 30,<br>2019<br>(Audited) |
|----------------------------------|------|-----------------------|-------------------------------|
|                                  |      | (Rupees in thousands) |                               |
| <b>7. OPERATING FIXED ASSETS</b> |      |                       |                               |
| Fixed Assets                     | 7.1  | 8,875,868             | 9,131,201                     |
| Right-of-use assets              | 7.2  | 21,942                | -                             |
|                                  |      | <u>8,897,810</u>      | <u>9,131,201</u>              |

## Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

|                                                                                                                                  |       | March 31,<br>2020     | June 30,<br>2019<br>(Audited) |
|----------------------------------------------------------------------------------------------------------------------------------|-------|-----------------------|-------------------------------|
|                                                                                                                                  | Note  | (Rupees in thousands) |                               |
| <b>7.1 Fixed Assets</b>                                                                                                          |       |                       |                               |
| Opening net book value (NBV)                                                                                                     |       | 9,131,201             | 9,122,170                     |
| Additions during the period / year at cost                                                                                       | 7.1.1 | 551,158               | 997,991                       |
|                                                                                                                                  |       | <b>9,682,359</b>      | 10,120,161                    |
| Disposals during the period / year at NBV                                                                                        | 7.1.4 | (4,747)               | (6,527)                       |
| Depreciation charge for the period / year                                                                                        |       | (801,744)             | (982,433)                     |
|                                                                                                                                  |       | <b>(806,491)</b>      | (988,960)                     |
| Closing net book value (NBV)                                                                                                     |       | <b>8,875,868</b>      | 9,131,201                     |
| 7.1.1 Detail of additions (at cost) during the period / year are as follows:                                                     |       |                       |                               |
| Buildings on freehold land                                                                                                       |       | 6,274                 | 11,651                        |
| Plant and machinery                                                                                                              | 7.1.2 | 495,111               | 907,127                       |
| Furniture and fixtures                                                                                                           |       | -                     | 99                            |
| Vehicles                                                                                                                         |       | 38,381                | 54,927                        |
| Electrical and other equipments                                                                                                  |       | 5,135                 | 10,100                        |
| Computers                                                                                                                        |       | 6,257                 | 14,087                        |
|                                                                                                                                  |       | <b>551,158</b>        | 997,991                       |
| 7.1.2 This includes transfers from capital work in progress amounting to Rs. 487.01 million (June 30, 2019: Rs. 873.45 million). |       |                       |                               |
| 7.1.3 This freehold land is located at Village Jumber Khurd, Tehsil Pattoki, District Kasur and area of land is 158.5 acres.     |       |                       |                               |
| 7.1.4 Detail of disposals (at NBV) during the period / year are as follows:                                                      |       |                       |                               |
| Plant and machinery                                                                                                              |       | 131                   | -                             |
| Vehicles                                                                                                                         |       | 4,616                 | 6,527                         |
|                                                                                                                                  |       | <b>4,747</b>          | 6,527                         |
| <b>7.2 Right-of-use assets</b>                                                                                                   |       |                       |                               |
| Opening net book value (NBV)                                                                                                     |       | 25,407                | -                             |
| Depreciation charge for the period                                                                                               |       | (3,465)               | -                             |
|                                                                                                                                  |       | <b>21,942</b>         | -                             |
| <b>8. CAPITAL WORK IN PROGRESS</b>                                                                                               |       |                       |                               |
| Civil works                                                                                                                      |       | 9,071                 | 2,028                         |
| Plant and machinery                                                                                                              |       | 426,053               | 178,377                       |
| Advances to suppliers                                                                                                            |       | 14,110                | 61,248                        |
|                                                                                                                                  |       | <b>449,234</b>        | 241,653                       |

## Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

|                                                                                                                                                                                       |       | March 31,<br>2020     | June 30,<br>2019<br>(Audited) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----------------------|-------------------------------|
|                                                                                                                                                                                       | Note  | (Rupees in thousands) |                               |
| <b>8.1 Movement of carrying amount is as follows:</b>                                                                                                                                 |       |                       |                               |
| Opening balance                                                                                                                                                                       |       | 241,653               | 467,547                       |
| Additions (at cost) during the period / year                                                                                                                                          | 8.1.1 | 694,597               | 647,554                       |
|                                                                                                                                                                                       |       | 936,250               | 1,115,101                     |
| Transfer to operating fixed assets during the period / year                                                                                                                           |       | (487,015)             | (873,448)                     |
| Closing balance                                                                                                                                                                       |       | 449,234               | 241,653                       |
| 8.1.1 This includes borrowing costs capitalized amounting to Rs. 8.40 million (June 30, 2019: Rs. 10.89 million) at an average rate 6.49% per annum (June 30, 2019: 6.78% per annum). |       |                       |                               |
| <b>9. LONG-TERM ADVANCES</b>                                                                                                                                                          |       |                       |                               |
| (Unsecured - considered good)                                                                                                                                                         |       |                       |                               |
| Long-term advances to suppliers                                                                                                                                                       | 9.1   | 10,511                | 6,264                         |
| 9.1 This represents advances to suppliers against purchases of vehicles in the normal course of business which does not carry any interest / mark-up.                                 |       |                       |                               |
| <b>10. STORES AND SPARES</b>                                                                                                                                                          |       |                       |                               |
| In hand                                                                                                                                                                               |       |                       |                               |
| Stores                                                                                                                                                                                |       | 804,364               | 763,889                       |
| Spares                                                                                                                                                                                |       | 466,386               | 397,353                       |
| Fuel                                                                                                                                                                                  |       | 323,895               | 139,367                       |
|                                                                                                                                                                                       |       | 1,594,645             | 1,300,609                     |
| In transit                                                                                                                                                                            |       |                       |                               |
| Spares                                                                                                                                                                                |       | 29,064                | 89,890                        |
| Coal                                                                                                                                                                                  |       | 203,981               | 114,793                       |
|                                                                                                                                                                                       |       | 233,045               | 204,683                       |
| Provision for slow moving stores and spares                                                                                                                                           |       | (51,310)              | (46,810)                      |
|                                                                                                                                                                                       |       | 1,776,380             | 1,458,482                     |
| <b>11. STOCK-IN-TRADE</b>                                                                                                                                                             |       |                       |                               |
| Raw materials                                                                                                                                                                         |       |                       |                               |
| in hand                                                                                                                                                                               |       | 1,468,460             | 1,585,977                     |
| in transit                                                                                                                                                                            |       | 840,191               | 1,048,267                     |
|                                                                                                                                                                                       |       | 2,308,651             | 2,634,244                     |
| Work-in-process                                                                                                                                                                       |       | 80,649                | 87,584                        |
| Finished goods                                                                                                                                                                        |       | 314,105               | 762,346                       |
|                                                                                                                                                                                       |       | 2,703,405             | 3,484,174                     |
| <b>12. ADVANCES</b>                                                                                                                                                                   |       |                       |                               |
| (Unsecured - considered good)                                                                                                                                                         |       |                       |                               |
| Advances                                                                                                                                                                              |       |                       |                               |
| to employees                                                                                                                                                                          |       | 1,582                 | 4,736                         |
| to suppliers                                                                                                                                                                          |       | 36,020                | 91,138                        |
|                                                                                                                                                                                       | 12.1  | 37,602                | 95,874                        |

## Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

12.1 This represents advances in the normal course of the business and do not carry any interest / mark-up.

|                                               |      | March 31,<br>2020     | June 30,<br>2019<br>(Audited) |
|-----------------------------------------------|------|-----------------------|-------------------------------|
|                                               | Note | (Rupees in thousands) |                               |
| 13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS |      |                       |                               |
| Trade deposits                                | 13.1 | 1,930                 | 360                           |
| Prepayments                                   |      | 33,556                | 91,038                        |
|                                               |      | 35,486                | 91,398                        |

13.1 This represents short term deposits in the normal course of the business and do not carry any interest / mark-up.

### 14. TAX REFUNDS DUE FROM GOVERNMENT

|            |      |                |         |
|------------|------|----------------|---------|
| Income tax | 14.1 | <b>240,631</b> | 240,631 |
| Sales tax  | 14.2 | <b>16,063</b>  | 16,063  |
|            |      | <b>256,694</b> | 256,694 |

14.1 The Additional Commissioner of (Audit) Inland Revenue - LTU in his order dated March 4, 2019 has determined the net tax payable of Rs. 67.74 million by disallowing the adjustment of minimum tax of Rs. 214.93 million for previous years and certain other expenses.

The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order. The Company believes that the case will be decided in favor of the Company and the legal adviser of the Company has also concurred with the management view.

14.2 This includes Rs. 10.02 million paid against demand raised by Assistant Commissioner - IR (Audit) in respect of sales tax input not allowed as result of audit of sales tax returns for Tax Year 2015. The Company has filed an appeal against this order before the Commissioner Inland Revenue (Appeals - I) under Section 45B of the Sales Tax Act, 1990.

For the period from July 2018 to September 2018, the demand of Rs. 6.04 million was raised by Assistant Commissioner-IR (Audit) by disallowing sales tax inputs on certain items. The Company filed an appeal against the demand before the Commissioner Inland Revenue (Appeals - 1) under Section 45B of the Sales Tax Act. The Commissioner Inland Revenue (Appeals - 1) retained the decision of the Assistant Commissioner - IR (Audit). The Company filed an appeal before the Appellate Tribunal Inland Revenue against the order of Commissioner (Appeal) in respect of which decision is pending.

### 15. CASH AND BANK BALANCES

|                                                     |                |         |
|-----------------------------------------------------|----------------|---------|
| Cash at bank in current account - Conventional mode | <b>7,309</b>   | 23,711  |
| Cheques in hand                                     | <b>119,040</b> | 325,427 |
| Cash in hand                                        | <b>1,615</b>   | 2,562   |
|                                                     | <b>127,964</b> | 351,700 |

## Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

|                                                  |      | March 31,<br>2020     | June 30,<br>2019<br>(Audited) |
|--------------------------------------------------|------|-----------------------|-------------------------------|
|                                                  | Note | (Rupees in thousands) |                               |
| <b>16. LONG TERM FINANCING</b>                   |      |                       |                               |
| From banking companies - secured                 |      |                       |                               |
| Utilized under mark-up arrangements financed by: |      |                       |                               |
| Islamic mode                                     |      |                       |                               |
| Meezan Bank Limited - Musharaka                  | 16.1 | 225,000               | 337,500                       |
| Conventional mode                                |      |                       |                               |
| Syndicated - Consortium of Banks                 | 16.2 | 450,000               | 675,000                       |
| Allied Bank Limited - Term Loan - 1              | 16.3 | 103,639               | 207,279                       |
| Allied Bank Limited - Term Loan - 2              | 16.4 | 124,085               | 128,106                       |
| Allied Bank Limited - Term Loan - 3              | 16.5 | 402,500               | 210,000                       |
|                                                  |      | <b>1,080,224</b>      | 1,220,385                     |
|                                                  |      | <b>1,305,224</b>      | 1,557,885                     |
| From associated undertakings - unsecured         |      |                       |                               |
| SIZA Commodities (Private) Limited - 1           | 16.6 | 1,000,000             | 1,000,000                     |
| SIZA Commodities (Private) Limited - 2           | 16.7 | 100,000               | 100,000                       |
| SIZA (Private) Limited                           | 16.7 | 625,000               | 625,000                       |
| SIZA Services (Private) Limited                  | 16.7 | 250,000               | 250,000                       |
|                                                  |      | <b>1,975,000</b>      | 1,975,000                     |
| From Director - unsecured                        | 16.8 | -                     | 650,000                       |
|                                                  |      | <b>3,280,224</b>      | 4,182,885                     |
| Current portion shown under current liabilities  |      |                       |                               |
| Islamic mode                                     |      | (150,000)             | (150,000)                     |
| Conventional mode                                |      | (556,400)             | (521,451)                     |
|                                                  |      | <b>(706,400)</b>      | (671,451)                     |
|                                                  |      | <b>2,573,824</b>      | 3,511,434                     |

16.1 This represents Diminishing Musharaka Arrangement of Rs. 750 million with Meezan Bank Limited for financing expenditure incurred on 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments which commenced from November 2016.

The finance facility is secured by way of mortgage of immovable properties of the Company and first pari passu hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark up is equal to base rate plus 0.50% (June 30, 2019: 0.50%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 13.76% (June 30, 2019: 9.57%) per annum.

16.2 This represents Syndicated Term Financing Arrangement with Consortium of MCB Bank Limited and Allied Bank Limited amounting to Rs. 1,500 million for financing expenditure incurred on 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments which commenced from November 2016.

The finance facility is secured by way of mortgage of immovable properties of the Company and first pari passu hypothecation charge over all assets belonging to the Company with 25% margin.

## Notes to the Condensed Interim Financial Information

*for the period ended March 31, 2020 (Un-audited)*

The rate of mark up is equal to base rate plus 0.50% (June 30, 2019: 0.50%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 13.76% (June 30, 2019: 9.57%) per annum.

- 16.3 This term finance facility has been obtained from Allied Bank Limited amounting to Rs. 350 million specifically for Gas Turbine Generators. The tenor of the loan is three years inclusive of 6 months grace period and are repayable in 10 equal quarterly installments commencing from September 2018.

This term loan is secured by way of mortgage of all present and future plant and machinery and first pari passu hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of markup is equal to base rate plus 0.20% (June 30, 2019: 0.20%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective markup rate was 13.60% (June 30, 2019: 9.61%) per annum.

- 16.4 The Company has approved term finance facility from Allied Bank Limited under Financing Scheme of the State Bank of Pakistan for Renewal Energy (Category II) amounting to Rs. 200 million specifically for Solar Grid Panels. The Company has made first drawdown of Rs. 81.04 million in June 2018, second drawdown of Rs. 60.81 million has made in January 2019 and third drawdown of Rs. 11.17 million made in January 2020. The tenor of the loan is seven years and are repayable in 28 equal installments commencing from September 2018.

This term loan is secured by way of mortgage of all present and future plant and machinery and ranking hypothecation charge over all assets belonging to the Company with 25% margin. The rate of markup is fixed at 2.75%.

- 16.5 This term finance facility has been sanctioned from Allied Bank Limited amounting to Rs. 500 million specifically for Gas Turbine Generators. The tenor of the loan is three years inclusive of 6 months grace period and are repayable in 10 equal quarterly installments.

The Company has made a second and final drawdown of Rs. 234.50 million during the period making it total drawdown of Rs. 444.5 million. The repayment of 1st drawdown has been commenced in December 2019 and that of second drawdown will commence from October 2020.

This term loan is secured by way of mortgage of all present and future plant and machinery and first pari passu hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of markup is equal to base rate plus 0.20%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective markup rate was 13.61% (June 30, 2019: 11.19%) per annum.

- 16.6 This loan has been obtained from SIZA Commodities (Private) Limited, an associated undertaking, amounting to Rs. 1,000 million. The loan is repayable in July 2021. The rate of mark up is 0.50% (June 30, 2019: 0.50%) over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective markup rate was 13.96% (June 30, 2019: 9.68%) per annum.

- 16.7 These loans are repayable in July 2021. The rate of mark up is 0.50% over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective markup rate was 13.96% (June 30, 2019: 10.81%) per annum.

- 16.8 During the period, Director loan was fully repaid and refinanced through a loan obtained from SIZA (Private) Limited, which has also been repaid during the period as per terms and conditions of the loan agreement.

## Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | March 31,<br>2020     | June 30,<br>2019<br>(Audited) |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------|
|                                               | Note                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (Rupees in thousands) |                               |
| <b>17. LEASE LIABILITIES</b>                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       |                               |
| Lease liabilities                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 23,953                | -                             |
| Current portion                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | (2,715)               | -                             |
|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <u>21,238</u>         | <u>-</u>                      |
| <b>Maturity analysis-contractual cashflow</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       |                               |
| Less than one year                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2,715                 | -                             |
| One to five year                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 21,238                | -                             |
| More than five year                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | -                     | -                             |
| Total lease liability                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <u>23,953</u>         | <u>-</u>                      |
| 17.1                                          | When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 14% per annum.                                                                                                                                                                                                                                                                                                                                                                                                                           |                       |                               |
| <b>18. TRADE AND OTHER PAYABLES</b>           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       |                               |
| Creditors                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 621,281               | 572,741                       |
| Foreign bills payable                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 544,534               | 686,757                       |
| Accrued liabilities                           | 18.1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1,032,357             | 826,224                       |
| Sales tax payable - net                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 138,377               | 57,898                        |
| Customers' balances                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 87,955                | 53,712                        |
| Gratuity payable                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 113,091               | 120,637                       |
| Workers' Profit Participation Fund            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 72,768                | 66,627                        |
| Workers' Welfare Fund                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 73,033                | 45,381                        |
| Provident fund payable                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 8,336                 | 7,614                         |
| Other liabilities                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 206,314               | 90,472                        |
|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <u>2,898,046</u>      | <u>2,528,063</u>              |
| 18.1                                          | This includes an amount of Rs.607.59 million (June 30, 2019: Rs. 607.59 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The Company has filed an appeal in Honorable High Court of Sindh. The High Court of Sindh declared the GIDC Act, 2015 as null and void through its judgement dated October 26, 2016. Subsequently, based on appeal filed by the Government, the High Court of Sindh suspended the aforesaid judgement till the disposal of appeal. The matter is pending for hearing of appeal. |                       |                               |
| <b>19. SHORT TERM BORROWINGS</b>              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       |                               |
| From banking companies - secured              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       |                               |
| Running finances                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       |                               |
| Islamic mode                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 27,659                | 11,285                        |
| Conventional mode                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <u>1,512,317</u>      | <u>2,537,382</u>              |
|                                               | 19.1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <u>1,539,976</u>      | <u>2,548,667</u>              |
| Short term loan - Conventional mode           | 19.3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <u>1,869,960</u>      | <u>1,698,600</u>              |
|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <u>3,409,936</u>      | <u>4,247,267</u>              |

19.1 The Company has available aggregate short term running finance facilities amounting to Rs. 7,825 million (June 30, 2019: Rs. 6,575 million). Markup rates are linked with KIBOR from one to three months plus spread ranging from 0.20% to 1.50% per annum (June 30, 2019: from 0.30% to 1.50% per annum).

## Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

- 19.2 The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs.6,770 million (June 30, 2019: Rs. 3,430 million).
- 19.3 The loan has been obtained from Standard Chartered Bank, - Dubai International Finance Center branch through Standard Chartered Bank (Pakistan) Limited amounting to USD 12.00 million equivalent to fixed amount of Rs. 1,870 million for meeting working capital requirements. The tenor of the loan is six months i.e. from October 22, 2019 to April 21, 2020. The price of loan is six months KIBOR minus 20 bps. As per the terms of agreement, Standard Chartered Bank (Pakistan) Limited has obtained forward cover on behalf of the Company to hedge foreign currency risk. The loan obtained in previous year has been repaid at maturity in October 2019.

**March 31,  
2020**                      June 30,  
2019  
(Audited)  
(Rupees in thousands)

### 20. INTEREST AND MARK-UP ACCRUED

Interest and mark-up accrued on:

Long-term financing from Banks

Islamic mode

Conventional mode

|               |        |
|---------------|--------|
| <b>4,166</b>  | 5,387  |
| <b>17,226</b> | 12,302 |
| <b>21,392</b> | 17,689 |
| <b>43,776</b> | -      |
| <b>65,168</b> | 17,689 |

From associated undertakings - Conventional mode

Short-term borrowings from Banks

Islamic mode

Conventional mode

|                |        |
|----------------|--------|
| <b>591</b>     | 1,576  |
| <b>140,870</b> | 77,261 |
| <b>141,462</b> | 78,837 |
| <b>206,630</b> | 96,526 |

### 21. CONTINGENCIES AND COMMITMENTS

#### 21.1 Contingencies

##### a) Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 741 million (June 30, 2019: Rs. 681 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 200 million (June 30, 2019: Rs. 140 million) furnished to Excise and Taxation Department.

##### b) Sales tax

- 1) The Additional Commissioner Enforcement-I, Punjab Revenue Authority issued a show cause notice bearing no. PRA/SC/WH/937 on June 07, 2018. The Deputy Commissioner Enforcement vides his order no. A/ST/WH/008 dated November 02, 2018 has determined the liability of Rs.140 million on account of withholding sales tax under Punjab Sales Tax on Services Act 2012 for the period from July 01, 2015 to June 30, 2017. The Company filed an appeal before the Commissioner (Appeals) Punjab Revenue Authority dated December 22, 2018 against the order passed by the Additional Commissioner Enforcement-I.

The Company received order no PRA 328/2018 dated November 06, 2019 from the Commissioner (Appeal), Punjab Revenue Authority in which determined liability has been reduced Rs. 30.021 million. However, the Company has filed an appeal before the Appellate Tribunal, Punjab Revenue Authority against the order passed by Commissioner (Appeal) with the plea that this order was passed adversely without comprehensive concluding the evidence and explanation provided by the Company. The management is of the opinion, based on the advice of legal adviser that the decision is likely to be in the favor of the Company.

## Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

- 2) Five cases of inadmissible input sale tax amounting to Rs. 94.45 million were adjudicated against the Company by Deputy Commissioner Inland Revenue. The appeals were filed by the Company against these orders at respective forum. These cases were remanded back to the adjudicating authorities by the Appellate Authorities with the direction to verify the compliance of the Company with the relevant provisions of the Sales Tax Act, 1990. No provision has been made in this condensed interim financial information as the management is of the opinion, based on advice of tax advisor, that the decision is likely to be in the favor of the Company.

### c) Gas Infrastructure Development Cess - GIDC

Sui Northern Gas Pipeline Limited has charged an amount of Rs. 500.74 million (2019: Rs. 376.68 million) on account of late payment surcharge on GIDC of Rs. 607.59 million (Note 18.1) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. On the appeal filed by the Company, the Honorable High Court of Sindh by their judgement, suspended the levy and declared the GIDC Act, 2015 as null and void. Subsequent to the judgment, based on appeal filed by the Government, the High Court of Sindh suspended the aforesaid judgment till the disposal of appeal. The matter is still pending in Honorable High Court of Sindh.

No provision has been made in this condensed interim financial information for late payment surcharge as the management is of the opinion, based on advice of legal advisor that the Company is not liable to pay late payment surcharges and expects that the decision is likely to be in the favor of the Company.

### 21.2 Commitments

The Company's commitments as at reporting date are as follows:

- Letters of credit other than for capital expenditure at the end of the period amounted to Rs. 866.92 million (June 30, 2019: Rs. 1,436.12 million).
- Capital expenditure including letters of credit amounted to Rs. 68.20 million (June 30, 2019: Rs. 177.97 million).

| Nine months ended     |                   | Quarter ended     |                   |
|-----------------------|-------------------|-------------------|-------------------|
| March 31,<br>2020     | March 31,<br>2019 | March 31,<br>2020 | March 31,<br>2019 |
| (Rupees in thousands) |                   |                   |                   |

### 22. SALES

#### Gross Sales

|              |             |             |             |             |
|--------------|-------------|-------------|-------------|-------------|
| Local sales  | 21,492,926  | 19,417,819  | 7,296,128   | 7,050,247   |
| Export sales | 72,897      | -           | 33,169      | -           |
|              | 21,565,823  | 19,417,819  | 7,329,297   | 7,050,247   |
| Sales tax    | (3,108,529) | (2,801,068) | (1,049,277) | (1,015,535) |
|              | 18,457,294  | 16,616,751  | 6,280,020   | 6,034,712   |

## Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

|                                                        | Nine months ended     |                   | Quarter ended     |                   |
|--------------------------------------------------------|-----------------------|-------------------|-------------------|-------------------|
|                                                        | March 31,<br>2020     | March 31,<br>2019 | March 31,<br>2020 | March 31,<br>2019 |
|                                                        | (Rupees in thousands) |                   |                   |                   |
| <b>23. COST OF SALES</b>                               |                       |                   |                   |                   |
| Materials consumed                                     | 9,571,173             | 9,502,737         | 3,120,991         | 3,419,843         |
| Fuel and power                                         | 3,037,555             | 2,700,579         | 1,021,962         | 989,040           |
| Depreciation on property,<br>plant and equipment       | 774,923               | 698,154           | 260,683           | 234,648           |
| Salaries, wages and other<br>benefits                  | 727,141               | 649,243           | 247,046           | 227,076           |
| Repairs, maintenance and<br>stores consumption         | 666,781               | 592,383           | 234,618           | 199,095           |
| Packing expenses                                       | 406,685               | 346,720           | 135,466           | 117,999           |
| Insurance                                              | 68,858                | 62,765            | 24,182            | 22,038            |
| Provision for slow moving<br>stores and spares         | 4,500                 | 4,500             | 1,500             | 1,500             |
| Rent rates and taxes                                   | 8,198                 | 11,613            | 2,791             | 3,953             |
| Manufacturing cost                                     | 15,265,814            | 14,568,694        | 5,049,239         | 5,215,192         |
| Work-in-process                                        |                       |                   |                   |                   |
| Opening stock                                          | 87,584                | 58,857            | 89,537            | 122,439           |
| Closing stock                                          | (80,649)              | (105,589)         | (80,649)          | (105,589)         |
|                                                        | 6,935                 | (46,732)          | 8,888             | 16,850            |
| Cost of goods manufactured                             | 15,272,749            | 14,521,962        | 5,058,127         | 5,232,042         |
| Finished goods                                         |                       |                   |                   |                   |
| Opening stock                                          | 762,346               | 748,214           | 581,709           | 762,993           |
| Closing stock                                          | (314,105)             | (651,353)         | (314,105)         | (651,353)         |
|                                                        | 448,241               | 96,861            | 267,604           | 111,640           |
|                                                        | 15,720,990            | 14,618,823        | 5,325,731         | 5,343,682         |
| <b>24. OTHER INCOME</b>                                |                       |                   |                   |                   |
| Sale of scrap                                          | 65,853                | 49,695            | 19,469            | 21,219            |
| Insurance agency commission<br>from associated company | 11,326                | 9,900             | 4,126             | 3,900             |
| Net exchange gain / (loss)                             |                       |                   |                   |                   |
| - Conventional mode                                    | 2,851                 | -                 | (125)             | -                 |
| Gain on sale of operating<br>fixed assets – net        | 4,304                 | 2,781             | 2,603             | 754               |
| Liabilities no longer payable<br>written back          | -                     | 5,120             | -                 | -                 |
| Others                                                 | 115                   | 1,073             | (346)             | 118               |
|                                                        | 84,449                | 68,569            | 25,727            | 25,991            |

## Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

|                                                         | Nine months ended     |                   | Quarter ended     |                   |
|---------------------------------------------------------|-----------------------|-------------------|-------------------|-------------------|
|                                                         | March 31,<br>2020     | March 31,<br>2019 | March 31,<br>2020 | March 31,<br>2019 |
|                                                         | (Rupees in thousands) |                   |                   |                   |
| <b>25. FINANCE COST</b>                                 |                       |                   |                   |                   |
| Long-term financing - Banks                             |                       |                   |                   |                   |
| Islamic mode                                            | 29,046                | 57,948            | 8,492             | 29,713            |
| Conventional mode                                       | 97,983                | 68,199            | 28,772            | 10,578            |
|                                                         | 127,029               | 126,147           | 37,264            | 40,291            |
| Long term loan from associated undertakings / Director  | 251,717               | 155,321           | 69,181            | 71,522            |
|                                                         | 378,746               | 281,468           | 106,445           | 111,813           |
| Short term borrowings - Banks                           |                       |                   |                   |                   |
| Islamic mode                                            | 22,964                | 22,414            | 8,442             | 14,799            |
| Conventional mode                                       | 389,905               | 233,551           | 92,614            | 90,298            |
|                                                         | 412,869               | 255,965           | 101,056           | 105,097           |
| Short term loan from associated undertakings / Director | -                     | 4,862             | -                 | -                 |
|                                                         | 412,869               | 260,827           | 101,056           | 105,097           |
| Finance charges on leases                               | 2,606                 | -                 | 852               | -                 |
| Workers' Profit Participation Fund                      | 1,750                 | 899               | -                 | -                 |
| Bank charges and commission                             | 5,623                 | 4,115             | 1,147             | 804               |
| Exchange loss                                           | 12,162                | -                 | 16,911            | -                 |
|                                                         | 813,756               | 547,309           | 226,411           | 217,714           |

## 26. EARNINGS PER SHARE - BASIC AND DILUTED

The basic earnings per share as required under "IAS 33 Earnings per share" is given below:-

|                                                             |         |          |         |         |
|-------------------------------------------------------------|---------|----------|---------|---------|
| Profit for the period                                       | 962,016 | 715,028  | 368,449 | 227,331 |
| Less: Dividend attributable to cumulative preference shares | -       | (31,584) | -       | -       |
| Profit attributable to ordinary shareholders                | 962,016 | 683,444  | 368,449 | 227,331 |
| Weighted average number of ordinary shares (in thousands)   | 147,018 | 147,018  | 147,018 | 147,018 |
| Basic earnings per share (Rupees)                           | 6.54    | 4.65     | 2.51    | 1.55    |

There is no dilutive effect on the basic earnings per share of the Company.

# Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

|      |                                                  | Nine months ended     |                   |
|------|--------------------------------------------------|-----------------------|-------------------|
|      |                                                  | March 31,<br>2020     | March 31,<br>2019 |
|      |                                                  | (Rupees in thousands) |                   |
| 27.  | CASH GENERATED FROM OPERATIONS                   | Note                  |                   |
|      | Profit before taxation                           |                       | 1,354,947         |
|      | Adjustment for non cash charges and other items: |                       | 960,730           |
|      | Depreciation                                     |                       | 805,210           |
|      | Amortization of intangible assets                |                       | 2,363             |
|      | Gain on sale of operating fixed assets - net     |                       | (4,304)           |
|      | Provision for gratuity                           |                       | 36,193            |
|      | Provision for slow moving stores and spares      |                       | 4,500             |
|      | Workers' Profit Participation Fund               |                       | 72,768            |
|      | Finance cost                                     |                       | 813,756           |
|      | Working capital changes                          | 27.1                  | 447,721           |
|      |                                                  |                       | 2,178,207         |
|      |                                                  |                       | 3,533,154         |
| 27.1 | Changes in working capital                       |                       |                   |
|      | (Increase) / decrease in current assets          |                       |                   |
|      | Stores and spares                                |                       | (322,398)         |
|      | Stock-in-trade                                   |                       | 780,769           |
|      | Trade debts                                      |                       | (459,696)         |
|      | Loans and advances                               |                       | 58,272            |
|      | Trade deposits and short-term prepayments        |                       | 55,912            |
|      | Other receivables                                |                       | (8,527)           |
|      | Tax refunds due from Government                  |                       | -                 |
|      |                                                  |                       | 104,332           |
|      | Increase in current liabilities                  |                       |                   |
|      | Trade and other payables                         |                       | 343,389           |
|      |                                                  |                       | 447,721           |

## 28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties and associated undertakings comprise of group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

| Nature of transaction                                 | Nature of Relation | Basis of Relation                        | Nine months ended |                   | Quarter ended     |                   |
|-------------------------------------------------------|--------------------|------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                       |                    |                                          | March 31,<br>2020 | March 31,<br>2019 | March 31,<br>2020 | March 31,<br>2019 |
| (Rupees in thousands)                                 |                    |                                          |                   |                   |                   |                   |
| Sale of goods, Services and Reimbursement of expenses |                    |                                          |                   |                   |                   |                   |
| Merit Packaging Limited                               | Associated company | Common Director                          | 1,116,720         | 1,362,871         | 360,129           | 448,175           |
| Colgate Palmolive<br>(Pakistan) Limited               | Associated company | Common Director                          | 498,258           | 482,214           | 179,671           | 178,004           |
| Century Insurance<br>Company Limited                  | Associated company | Common Director and<br>0.43% shares held | 10,067            | 440               | 9,584             | 120               |
| Cyber Internet Services<br>(Private) Limited          | Associated company | Common Director                          | 1,430             | 999               | 276               | 333               |

# Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

| Nature of transaction                                            | Nature of Relation     | Basis of Relation                      | Nine months ended |                   | Quarter ended     |                   |
|------------------------------------------------------------------|------------------------|----------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                  |                        |                                        | March 31,<br>2020 | March 31,<br>2019 | March 31,<br>2020 | March 31,<br>2019 |
| (Rupees in thousands)                                            |                        |                                        |                   |                   |                   |                   |
| <b>Purchase of goods, Services and Reimbursement of expenses</b> |                        |                                        |                   |                   |                   |                   |
| Century Insurance Company Limited                                | Associated company     | Common Director and 0.43% shares held  | 56,227            | 56,868            | 8,486             | 14,241            |
| Merit Packaging Limited Lakson Business Solutions Limited        | Associated company     | Common Director                        | 34,335            | 21,230            | 16,047            | 9,762             |
| Hassanali and Gulbanoo Lakhani Foundation                        | Associated company     | Common Director                        | 4,175             | 3,610             | 1,386             | 1,234             |
| Princeton Travels (Private) Limited                              | Associated undertaking | Trustee                                | 2,224             | 2,145             | 520               | 484               |
| SIZA Services (Private) Limited                                  | Associated company     | Common Director                        | 9,072             | 13,602            | 2,736             | 6,108             |
| Cyber Internet Services (Private) Limited                        | Associated company     | Common Director and 22.81% shares held | 2,584             | 2,675             | 860               | 891               |
| SIZA (Private) Limited                                           | Associated company     | Common Director                        | 3,276             | 2,311             | 1,274             | 492               |
| Colgate Palmolive (Pakistan) Limited                             | Associated company     | Common Director and 27.31% shares held | 175               | 797               | 82                | 141               |
| Express Publications (Private) Limited                           | Associated company     | Common Director                        | 253               | 131               | 39                | 18                |
| Sybrid (Private) Limited                                         | Related Party          | -                                      | 1,891             | 326               | 15                | 37                |
| SIZA Foods (Private) Limited                                     | Associated company     | Common Director                        | 5,621             | 157               | 4,339             | 157               |
|                                                                  |                        |                                        | 386               | 402               | 153               | 157               |
| <b>Rent and other allied charges</b>                             |                        |                                        |                   |                   |                   |                   |
| Hassanali and Gulbanoo Lakhani Foundation                        | Associated undertaking | Trustee                                | 5,168             | 4,747             | 1,803             | 1,632             |
| SIZA (Private) Limited                                           | Associated company     | Common Director and 27.31% shares held | 2,710             | 2,361             | 987               | 729               |
| SIZA Services (Private) Limited                                  | Associated company     | Common Director and 22.81% shares held | 490               | 465               | 163               | 160               |
| SIZA Commodities (Private) Limited                               | Associated company     | Common Director and 8.50% shares held  | 127               | 116               | 44                | 41                |
| <b>Insurance agency commission</b>                               |                        |                                        |                   |                   |                   |                   |
| Century Insurance Company Limited                                | Associated company     | Common Director and 0.43% shares held  | 11,325            | 9,000             | 4,125             | 3,900             |
| <b>Donation</b>                                                  |                        |                                        |                   |                   |                   |                   |
| The Layton Rahmatulla Benevolent Trust                           | Related Party          | Trustee                                | 500               | 500               | -                 | 500               |
| <b>Mark-up accrued</b>                                           |                        |                                        |                   |                   |                   |                   |
| SIZA Commodities (Private) Limited                               | Associated company     | Common Director and 8.50% shares held  | 115,665           | 72,572            | 38,532            | 29,971            |

## Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

| Nature of transaction              | Nature of Relation | Basis of Relation                      | Nine months ended |                | Quarter ended  |                |
|------------------------------------|--------------------|----------------------------------------|-------------------|----------------|----------------|----------------|
|                                    |                    |                                        | March 31, 2020    | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| (Rupees in thousands)              |                    |                                        |                   |                |                |                |
| SIZA (Private) Limited             | Associated company | Common Director and 27.31% shares held | 106,167           | 27,451         | 21,893         | 17,029         |
| SIZA Services (Private) Limited    | Associated company | Common Director and 22.81% shares held | 26,288            | 10,981         | 8,757          | 6,812          |
| Mr. Iqbal Ali Lakhani              | Director           | Directorship                           | 3,598             | 44,317         | -              | 17,710         |
| Long term loan obtained            |                    |                                        |                   |                |                |                |
| SIZA Commodities (Private) Limited | Associated company | Common Director and 8.50% shares held  | -                 | 100,000        | -              | -              |
| SIZA (Private) Limited             | Associated company | Common Director and 27.31% shares held | 650,000           | 625,000        | -              | -              |
| SIZA Services (Private) Limited    | Associated company | Common Director and 22.81% shares held | -                 | 250,000        | -              | -              |
| Long term loan paid                |                    |                                        |                   |                |                |                |
| SIZA (Private) Limited             | Associated company | Common Director and 27.31% shares held | 650,000           | -              | -              | -              |
| Mr. Iqbal Ali Lakhani              | Director           | Directorship                           | 650,000           | -              | -              | -              |
| Dividend on Ordinary Shares        |                    |                                        |                   |                |                |                |
| Premier Fashions (Private) Limited | Associated company | Common Director and 8.97% shares held  | 13,189            | 9,293          | -              | -              |
| SIZA (Private) Limited             | Associated company | Common Director and 27.31% shares held | 40,150            | 30,113         | -              | -              |
| SIZA Commodities (Private) Limited | Associated company | Common Director and 8.50% shares held  | 12,500            | 9,375          | -              | -              |
| SIZA Services (Private) Limited    | Associated company | Common Director and 22.81% shares held | 32,615            | 24,461         | -              | -              |
| Century Insurance Company Limited  | Associated company | Common Director and 0.43% shares held  | 629               | -              | -              | -              |
| Accuray Surgicals Limited          | Associated company | Common Director and 1.26% shares held  | 1,853             | -              | -              | -              |
| Directors , CEO & their Spouses    | Related Parties    | -                                      | 127               | -              | -              | -              |
| Dividend on Preference Shares      |                    |                                        |                   |                |                |                |
| Premier Fashions (Private) Limited | Associated company | Common Director and 8.97% shares held  | -                 | 7,419          | -              | -              |
| SIZA (Private) Limited             | Associated company | Common Director and 27.31% shares held | -                 | 51,847         | -              | -              |

## Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

| Nature of transaction                             | Nature of Relation          | Basis of Relation                         | Nine months ended |                   | Quarter ended     |                   |
|---------------------------------------------------|-----------------------------|-------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                   |                             |                                           | March 31,<br>2020 | March 31,<br>2019 | March 31,<br>2020 | March 31,<br>2019 |
| (Rupees in thousands)                             |                             |                                           |                   |                   |                   |                   |
| SIZA Commodities<br>(Private) Limited             | Associated company          | Common Director and<br>8.50% shares held  | -                 | 8,871             | -                 | -                 |
| SIZA Services (Private)<br>Limited                | Associated company          | Common Director and<br>22.81% shares held | -                 | 19,528            | -                 | -                 |
| <b>Others</b>                                     |                             |                                           |                   |                   |                   |                   |
| Contribution to Staff<br>Retirement Benefit Plans | Employees Fund              |                                           | <b>79,350</b>     | 66,111            | <b>27,077</b>     | 22,543            |
| Remuneration and other<br>benefits                | Key Management<br>Personnel |                                           | <b>178,909</b>    | 152,193           | <b>59,612</b>     | 54,060            |

| Nine months ended     |                               |
|-----------------------|-------------------------------|
| March 31,<br>2020     | June 30,<br>2019<br>(Audited) |
| (Rupees in thousands) |                               |

### 28.1 Period / year end balances

|                                                              |           |           |
|--------------------------------------------------------------|-----------|-----------|
| Receivable from related parties                              | 813,831   | 610,699   |
| Payable to related parties                                   | 25,625    | 95,247    |
| Payable to retirement benefit plan                           | 121,428   | 128,251   |
| Markup accrued – Long term finance from associated companies | 43,776    | -         |
| Long-term financing from associated undertaking / Director   | 1,975,000 | 2,625,000 |

### 29. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2019.

### 30. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair values. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (Unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset either directly or derived from prices.

Level 3: inputs for the asset or liability that are not based on observable market data (unadjusted) inputs.



## Notes to the Condensed Interim Financial Information

for the period ended March 31, 2020 (Un-audited)

### Transfers during the period

During period ended March 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurement and into or out of Level 3 fair value measurements.

### 31. NUMBER OF EMPLOYEES

The number of employees as at period ended March 31, 2020 was 1,637 (June 30, 2019: 1,652) and average number of employees during the period was 1,648 (June 30, 2019: 1,653).

### 32. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 27, 2020 by the Board of Directors of the Company.

### 33. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

### 34. GENERAL

Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.

  
**AFTAB AHMAD**  
Chief Executive Officer

  
**TASLEEMUDDIN AHMED BATLAY**  
Director

  
**MUHAMMAD RASHID DASTAGIR**  
Chief Financial Officer

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\*Mobile apps are also available for download for android and ios devices



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